

**Frequently Asked Question**

**Bank Indonesia Circular Letter No.13/13/DPM Dated May 9, 2011 concerning Amendment to Bank Indonesia Circular Letter No.12/18/DPM Dated July 7, 2010 concerning Open Market Operation**

**1. Who are the participants of Foreign Exchange Transactions on SBN?**

The participants of Foreign Exchange Transactions on SBN are OMO Participants which are foreign exchange banks. The participants of the transaction may make an offer directly or through Intermediaries.

**2. What foreign exchange is used in a Foreign Exchange Transaction on SBN?**

The foreign exchange used in a Foreign Exchange Transaction on SBN is US Dollar

**3. What are the mechanisms used for Foreign Exchange Transaction on SBN?**

- The implementation of the transaction will be announced by Bank Indonesia through the Commercial Bank Daily Report System or other means.
- The transaction is conducted through an exchange rate auction by using RMDS or other means designated by BI with a window time between 14.30 up to 15.00 Western Indonesia Time.

- Offers may be made more than 1 (once) and each offer may only consist of 1 (one) exchange rate level. On each exchange rate level, a participant may make an offer for more than 1 (one) type and series of SBN
- The settlement of a Foreign Exchange Transaction on SBN is conducted on T+2 in which the relevant participant is required to make the SBN available in the Securities Account and transfer it to the BI Securities Account by no later than 14.00 Western Indonesia Time as well as to provide adequate Rupiah funds in the Demand Deposit Account.
- In the event that the participant is unable to provide adequate Rupiah funds on the settlement date, the participant is required to fulfill such obligation on the following business day.

4. **Is there any sanction which may be imposed by BI in SBN Transaction on Foreign Exchange on violation found in Foreign Exchange Transaction on SBN?**

Violation may be subject to sanctions

5. **If a pledge, securities lending and borrowing and repo collateralized borrowing transaction has become due and the securities have been retransferred to an active/trading account, when can the securities be transacted again?**

In the event that the said transaction has become due and the second leg settlement has been successfully conducted,

the SBI holder may immediately conduct transaction again on the SBI.

However, if the said transaction is a part of a transaction conducted prior to the coming into effect of this Circular Letter, transactions on the relevant SBI may only be conducted after 6 (six) months or 182 (one hundred and eighty-two) calendar days as from the holding of the SBI.

**6. If a repo sell and buy-back transaction has become due, when can the securities be transacted again?**

- a. In the event that the second leg repo sell and buy-back transaction is successfully conducted, transactions on the SBI may be conducted again by the repo seller after 6 (six) months or 182 (one hundred and eighty-two) calendar days as from the settlement of the second leg SBI transaction.
- b. In the event that the second leg repo sell and buy-back transaction fails, transactions on the SBI may be conducted again by the repo purchaser after 6 (six) months or 182 (one hundred and eighty-two) calendar days as from the settlement date of the first leg transaction on the SBI.

**7. Is a transfer of SBI between Sub-Registries without any transfer of holding subject to the provision on 6-month holding period of SBI?**

No, therefore the MHP period of the SBI being transferred is calculated as from the registration of such SBI with the initial Sub-Registry.

8. **How is the application of the provision on 6-month holding period of SBI on SBI held by a company conducting a merger, acquisition, or consolidation?**

In the event of a transfer of SBI due to a merger, acquisition, or consolidation, transactions on the relevant SBI may be conducted after 6 months or 182 calendar days since they are recorded in the initial securities account.

9. **Does the provision on 6-month holding period of SBI apply to transactions with Bank Indonesia? When can the SBI which has been transacted with Bank Indonesia be transacted again?**

Transactions on SBI conducted with Bank Indonesia are excluded by Bank Indonesia from the provision on 6-month holding period of SBI.

In the event that a repo transaction or pledge transaction with Bank Indonesia becomes due and the securities have been retransferred to an active/trading account, transactions on the relevant SBI may be conducted again after 6 months or 182 calendar days as from the holding of the SBI.

10. **What are the requirements for submitting request for early redemption of Term Deposits?**

In order to qualify for the submission of request for early redemption of Term Deposits, the Term Deposits subject to the request must be Term Deposits issued by no earlier than 1 month.

Request for Early Redemption of Term Deposit may be submitted as from 15.00 up to 17.00 hours by RMDS or telephone which is to be confirmed by fax to the Monetary Operation Bureau-Monetary Management Directorate.